



TRANSPORT · LOGISTICS · SUPPLY CHAIN

FOURTH QUARTER

2014

This Industry Practice Group was established to draw on the experience of CFA dealmakers, many of whom as former business owners and CEOs, have first-hand knowledge and have completed many transactions in this industry. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.

Transportation M&A

M&A activity for North American based target companies in the transportation and logistics sector for Q3 2014 included 86 closed deals and total deal value of approximately \$90 billion, according to data provided by *S&P Capital IQ*.

Although the public T&L indices have experienced quite a bit of volatility of late, public valuations have continued to rise led by railroads. Conversely, trucking, LTL, and air freight valuations have been much more tepid even as M&A in the space has been quite buoyant.

Transactional Overview

Notable closed transactions for the period in the transportation and logistics sector include:

September 2014 - Network F.O.B., Inc. acquired Interlog Usa, Inc. on September 30, 2014. Interlog USA, Inc. provides international and domestic transportation and shipping services to various manufacturers and receivers. The company was founded in 1995 and is based in Minneapolis, Minnesota with representative offices in North America, Asia, Europe, the Indian Subcontinent, and South America.

September 2014 - Radiant Logistics, Inc. acquired Trans-NET, Inc. on September 2, 2014. The transaction was structured as a purchase of assets and includes an option to purchase the assets of Trans-NET's Russian affiliate, Trans-NET International Logistics, LLC. Trans.NET, Inc. provides logistics and supply chain management services. The company was founded in 1994 and is based in Issaquah, Washington.

July 2014 - TransForce Inc. (TSX:TFI) signed an agreement to acquire Contrans Group Inc. (TSX:CSS) from Deans Knight Capital Management Ltd., Mawer Investment Management Limited, Floyd Dunford Limited, Van Berkom and Associates Inc., RBC Global Asset Management Inc., 1832 Asset Management L.P. and other shareholders for approximately CAD 500 million in cash on July 24, 2014. Contrans Group Inc., through its subsidiaries, provides freight transportation services to shippers in Canada and the United States. The company offers logistics services comprising third party outsourcing of transportation services.



MERGERS, ACQUISITIONS, AND CAPITAL RESOURCES SINCE 1956

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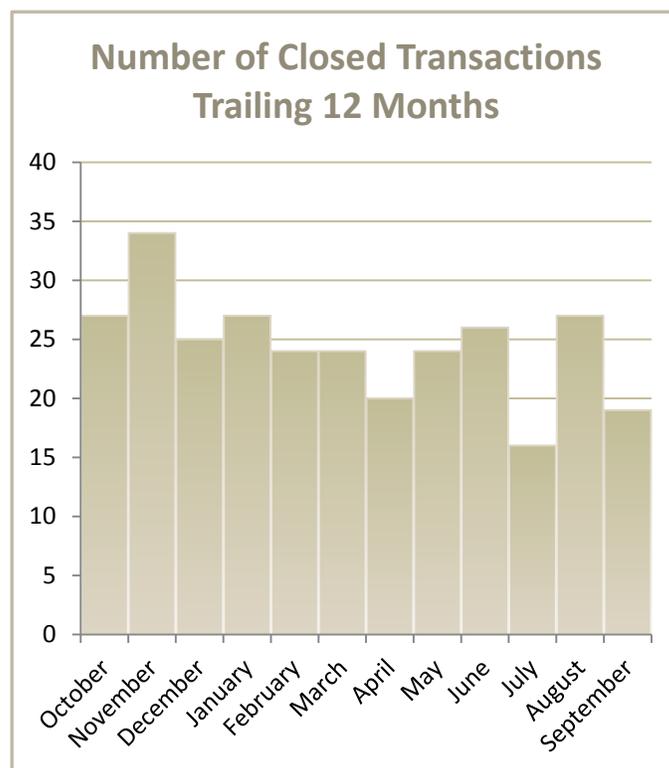
Selected Q3 Closed Transactions

Target/Issuer	Buyers/Investors
Western Storage Ltd.	Trailer Wizards Ltd
Canadian National Railway Company	MetroIinx
H&W Trucking Company, Inc.	Longistics Transportation, Inc.
CJM Trucking LTD.	Petrowest Corporation (TSX:PRW)
Tidewater Fleet Supply, LLC	Falcon Affiliates LLC
Drug Transport, Inc.	Central Freight Lines, Inc.
Locomote Systems Inc.	Travelport Worldwide Limited (NYSE:TVP1)
Clay Hyder Truck Lines	Epes Transport System, Inc.

Industry Dynamics

Multiple sectors of the industry remain on an upward trajectory. According to a report from industry research group First Research, the US transportation services market is forecast to grow at an annual compounded rate of 5 percent between 2014 and 2018. US railroads, trucking, and water transportation services, all major indicators for freight forwarding, is forecast to grow at an annual compounded rate of 5 percent between 2014 and 2018. US warehousing and storage services is forecast to grow at an annual compounded rate of 4 percent between 2014 and 2018.

- **Air Cargo Traffic Forecast to Double by 2033** - After several years of stagnation, the air cargo sector could be in the early stages of long-term recovery, according to recent guidance from Boeing. The aircraft maker projects air cargo traffic will grow at an annual rate of 4.7 percent over the next 20 years, with traffic more than doubling by 2033.
- **US Transportation Activity Rebounding** - Led by trucking activity, for-hire transportation in the US reached an all-time high in May 2014, according to data released by the Bureau of Transportation Statistics (BTS) in July. May marked the fourth consecutive month that the BTS's Transportation Services Index (TSI) increased, following a dip at the beginning of the year that was largely weather-related.
- According to a report from First Research, total US revenue for transportation and warehousing rose 6.4 percent in the second quarter of 2014 compared to the previous year.
- Middle-income countries, a market segment being targeted for freight forwarding growth, continue to be underserved by dedicated logistics service providers, according to a new study from the World Bank. The World Bank's 2014 Logistics Performance Index found that improvements to specialized services such as freight forwarding, particularly through outsourcing, offered the greatest opportunity for middle-income nations such as India and Vietnam to enhance their logistics performance.
- **E-Commerce Drives Demand for Warehouse Space** - High levels of warehouse absorption in the US indicate an increased demand for warehouse space, driven by growing e-commerce activities. More than 160 of the 210 largest US warehouse markets showed positive net absorption - an increase in the amount of warehouse space occupied - in 2013 versus 2012. Overall in those markets, 162.6 million square feet of warehouse space was occupied in 2013, an increase of nearly 40 percent from 2012, according to industry research group CoStar.



Transport, Logistics and Supply Chain Practice Group is a multi-disciplinary group of investment banking advisors within Corporate Finance Associates. Collectively, the Transport, Logistics and Supply Chain Practice Group provides M&A advice to public and private companies in all sectors of the transportation, logistics and supply chain industries, including international freight forwarders, warehouse management technology and both domestic and international 3PL operations. For information on mergers, acquisitions, divestitures, recapitalizations, joint ventures or financial resources, contact your local Corporate Finance Associates office.